

## Message Text

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ACTION EB-08

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DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15  
NSC-05 /055 W

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FM AMEMBASSY KABUL

TO SECSTATE WASHDC 8618

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E.O. 11652: NA

TAGS: EAIR, EINV, AF

SUBJECT: ARIANA AFGHAN APGLINES: PANAM/ARIANA RELATIONSHIP

REF: KABUL 4490

1. ACCORDING TO PANAM REPS, FRED AURELIO AND ERSKINE RICE, ARIANA BOARD MEETING WHICH BEGAN JUNE 10 WAS WELL CONDUCTED BY NEW BOARD PRESIDENT, DEPUTY MINISTER OF FINANCE DR. MIR MEHRABUDDIN PAKTIAWAL. SESSION ORIGINALLY SCHEDULED FOR ONE DAY STRETC WD OUT OVER SEVERAL -- FINALLY ADJOURNING OFFICIALLY ON JUNE 15. ATMOSPHERICS WERE ALSO GOOD FROM PANAM'S VIEWPOINT, WITH NEW AFGHAN GOVERNMENT REPS, INCLDUING MEHRABUDDIN, GENIAL AND HOSPITABLE TO PANAM OFFICIALS AND VOICING REPEATED ASSURANCES THAT PANAM'S PARTICIPATION IN ARIANA IS BOTH DESIRABLE AND WELCOME.

2. MAIN SUBSTANTIVE ISSUE ADDRESSED BY THE BOARD WAS THE PURCHASE OF A NEW WIDE-BODY JET. ALTHOUGH NO FINAL DECISION WAS TAKEN, CHOICE HAS NARROWED DOWN TO DC-10 AND LA-1011 CIRCRAFT, WITH LATTER HAVING A SLIGHT EDGE APPARENTLY DUE TO FACT PANAM HAS OPTED FOR THE L-1011 FOR ITS OWN OPERATIONS. HOWEVER, BOARD IS ASKING BOTH MCDONNELL-DOUGLEAS AND LOCKHEED TO REFINE THEIR OFFERS AND RE-SUBMIT TO ARIANA THEIR BEST POSSIBLE PRICE. BOARD WILL  
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MEET AGAIN ON JUNE 25 -- OR AS SOON AS FINAL OFFERS ARE RECEIVED  
-- IN LONDON TO MAKE THEIR FINAL DECISION.

3. PUBLIC ANNOUNCEMENTS TO LOCAL MEDIA SHOW ARIANA CONTINUES TO BE A PROFIT-MAKING ORGANIZATION, WITH PROFITS FOR 1355 (1976-77) OF AFGHANIS 42,463,102 (\$1,1 MILLION AT CURRENT EXCHANGE RATES), UP \$318 THOUSAND OVER THE PRECEDING YEAR. A DIVIDENT

WAS ALSO DECLARED FOR THE THIRD STRAIGHT YEAR.

4. PANAM MEMBERS OF THE BOARD EMPHASIZED DURING THE DELIBERATIONS THAT IF ARIANA IS TO MOVE INTO WIDEBODY JET OPERATIONS, IT WOULD BE IMPERATIVE TO INCREASE THE NUMBER OF TOURISTS VISITING AFGHANISTAN. THIS IMPLIES IMPROVEMENT OF EXISTING HOTELS; CONSTRUCTION OF ADDITIONAL HOTEL CAPACITY; AND UPGRADING THE EFFICIENCY AND CAPACITY OF THE NATIONAL TOUR AGENCY, AFGHAN TOURS. AFGHAN OFFICIALS WERE RECEPTIVE TO THIS VIEW AND GAVE RICE AND AURELIO A BRIEF SWING AROUND THE COUNTRY TO SEE SOME LOCAL OF AFGHANISTAN'S FOREMOST TOURIST ATTRACTIONS. AS A RESULT, AURELIO HAS UNDERTAKEN UPON HIS RETURN TO NEW YORK, TO DISCUSS WITH THE INTERCONTINENTAL HOTEL COMPANY POSSIBILITIES FOR A MANAGMENT CONTRACT TO IMPROVE HOTEL FACILITIES AND OPERATIONS.

5. COMMENT: FROM THE FOREGOING, IT WOULD APPEAR THAT PROSPECTS ARE FAVORABLE FOR U.S. BUSINESS IN AFGHAN AVIATION AND TOURISM, I.E., PANAM'S INVESTMENT, AIRCRAFT SALES, AND TOURISM MANAGEMENT. ALL WILL DEPEND, HOWEVER, ON THE STATE OF RELATIONS BETWEEN OUR TWO GOVERNMENTS, WHICH ARE ONLY BEGINNING TO BE WORKED OUT.

DECLASSIFY 12-31-79.  
AMSTUTZ

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## Message Attributes

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